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ABSTRACT

Actions that colleges can take to meet their moral responsibilities in response to apartheid in South Africa are discussed, along with different sides to the question of divestment from American companies doing business in South Africa. It is suggested that divestment even by a large number of colleges is unlikely to cause American companies to withdraw from South Africa, and even if they did withdraw, the South African government would not likely be affected. To the degree that American companies pay good wages, move black workers into skilled jobs, and recognize black unions, they are contributing to the development of a black power base. Other approaches include: deciding about divestment on a case-by-case basis, forbidding new investment by American firms, and refusing to renew loans to the South African government. Objections to divestment on moral grounds and the question of whether divestment is a moral or a political act are considered. Actions colleges can take to help promote peaceful change in South Africa are suggested: educating Americans about South Africa, helping South African schools with desegregation, educating black South African exchange students, raising money to send to voluntary groups in South Africa, and pressing companies to pressure the South African government to liberalize its racial policies. (SW)

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Session 10
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BEYOND DIVESTMENT: THE MORAL UNIVERSITY

Speech to Meeting of the
American Association for Higher Education
March 13, 1986

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No issue is creating more dissension on the campus today than the question of divestment of the stock of American corporations doing business in South Africa. This is not a new issue. It has been around for twenty years, but it has resurfaced with fresh intensity in the past year or so because of a renewed wave of black protest against apartheid and the brutality with which the government has tried to repress it. The turmoil in South Africa, and especially the killing of over eleven hundred black people, most of them by the police, has aroused emotions on the American campus greater than anything we have seen since the Vietnam War protest movement of the late 1960s and early 1970s.

In view of the renewed concern over apartheid on many campuses, it was not surprising that the AAHE should decide to devote a significant part of its annual meeting - this session and two others this afternoon - to South Africa. My talk in this session is entitled "Beyond Divestment: the Moral University". In it I will speak not only about the specific issue of divestment, as I see it, but also about other actions colleges and universities can take to meet their responsibilities in regard to the South African situation.

I have, myself, had a long interest in South Africa. Since my first trip there 33 years ago, I have visited the country some 15 times. Most of these visits were made on behalf of Carnegie Corporation, pursuing the foundation's program of grants there, which over much of that period was aimed exclusively at improving the condition of black South Africans. I have also served, since its inception in 1957, as a director of USSALEP, the privately supported U.S.-South Africa Leader Exchange Program. I was a member from 1979 to 1981 of the Study Commission on U.S. Policy Toward Southern Africa, financed and

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organized by the Rockefeller Foundation. I am a director of a publishing company that not only sells its books in South Africa but also publishes books there - largely text books for the black schools. And, finally, I am chairman of the University of Cape Town Fund, an organization set up here in this country last year to raise scholarship funds for black students at the University.

This considerable involvement in South Africa has enabled me to travel extensively in the country and meet a wide variety of people, representative of all four racial groups - in the cities, in the black townships, in rural areas, in small towns, in the homelands, in resettlement areas, in white residential areas, in industrial areas, and so on. It has, furthermore, given me a first-hand basis for hatred of apartheid. Until one has actually seen the injustice, repression and sheer cruelty of that policy in operation, one's distaste for it can only be theoretical.

The standard arguments for divestment, I am sure, are familiar to you. Those who favor it believe that the operations of U.S. corporations in South Africa, either directly or indirectly, support apartheid and believe that divestment will serve to force these companies to withdraw, thereby putting pressure on the South African government to change its policies. They also believe that even if divestment does not have this effect, it is simply immoral for a college or university to profit from the ownership of stock in a corporation that operates in South Africa. Reduced to its simplest form, the argument is: apartheid is evil, ergo divestment, on the face of it, is a necessary moral action.

While understanding and sympathizing with the feelings of those who make these arguments, I find many difficulties with their line of reasoning, on pragmatic grounds, as a matter of principle and because of the nature of academic institutions. On the pragmatic side, first, there is the question of whether the operations of American firms in South Africa do, in fact, support apartheid. Any business activity there, of course, to the degree that corporations pay taxes that help meet the expenses of the present government, serves to support apartheid. There is also the matter of some American firms supplying specific products to the police that are used in connection with their enforcement of unjust laws.

There is, however, another side to the question. American companies are part of the general South African economy. As this economy has grown over the past four decades, the role of black people in it, both as producers and consumers, has grown enormously, and with it their potential to wield political power by means of strikes and boycotts. While it is true that the

government imposes severe limitations on the ability of blacks to realize that potential, it nevertheless is there and grows steadily greater. To the degree that American companies pay good wages, move black workers into skilled jobs and recognize black unions, they are contributing to the development of a black power base that could one day be decisive in the struggle for a just society.

Secondly, despite the fact that a few American companies have left South Africa, probably because of deteriorating profits and concern about unrest in the country, there is simply no evidence yet to indicate that American corporations generally will be persuaded, or can be forced, to withdraw from South Africa because of divestment pressure. For most of them, the reason is not the sacrifice of profit, which is generally quite small, or even fear of loss of capital, but, rather, a determination not to yield to pressure. I know of no American corporation operating in South Africa that is ashamed of being there. Most, indeed, are quite proud of what they are accomplishing there. For them to withdraw would be to seem to admit to something about which they have no sense of guilt.

Furthermore, as a matter of logic, when stock is sold, someone else, by the very nature of the transaction, buys it, and that person or institution will very likely be less concerned about apartheid than the seller. In these terms, therefore, divestment appears to be a futile undertaking.

What the sale of stock surely does do, however, is to deal the institutional seller out of the game - that is, deprive it of its standing in a company's affairs and, therefore, its ability to pressure the company to, in turn, pressure the South African government for change. In this sense, a divestment action surely is counterproductive. Most corporations are, indeed, quite sensitive to stockholder opinion, and especially the opinions of educational institutions, and will take their interventions seriously - even though the sanctions available to all but the largest institutional stockholders are very limited.

As I have said, divestment, even by a large number of colleges and universities, is most unlikely to cause American companies to withdraw from South Africa. But what if it did have that effect? In that case, their assets would almost certainly be taken over by other foreign companies or by South African companies - companies that might well have less of a sense of social concern than do ours. What, then, would have been gained? The South African government would have been shaken hardly at all, especially since the American withdrawal would certainly not take place as one grand, simultaneous gesture, but quietly and in piecemeal fashion. On the other hand, many of the South Africans of all races who strongly oppose the present regime and who look on American corporate

investment as evidence of continued American interest in their country would feel that they had been abandoned.

Taking a somewhat longer view than the immediate toppling of apartheid, which, in any event, I am convinced can only be achieved by South Africans themselves working within their country, it is my belief that if a stable, democratic, non-racial society is to emerge in South Africa - which is surely what we want most for it - that country will need considerable, long-term capital investment from the United States. Since some of that investment is already there in the form of current U.S. business activity, it seems irresponsible to me to try to cut that off now. Once they are forced to leave, most American companies will be very leery about ever returning, since the prospects for profitable investment there, considering the risks involved, would simply not justify it. There are few companies that have even as much as one percent of their assets invested in South Africa, which indicates little incentive, from their point of view, to operate there.

Finally, there is the problem that an indiscriminate divestment action aimed at getting American companies in general out of South Africa runs the risk of forcing out many that are truly serving the needs of the black population, through the products they make, the employment they provide, the employment-related benefits they offer, or the funds they donate to educational and welfare activities for blacks.

I sympathize with Bishop Tutu's scorn for the new-found concern today for black employment on the part of Americans who never showed one iota of concern whatsoever for black welfare in the past. It does seem a bit hollow. Nevertheless, some U.S. corporations are doing a good deal these days to promote black rights and advancement, and their presence would be sorely missed. A particular loss would be the public pressure some of the larger companies, through the U.S. Corporate Council on South Africa, are putting on the South African government for political change. One must, therefore, in practical terms, weigh the real value of a continued American corporate presence in South Africa against the hypothetical value of forcing the companies to withdraw. To me, the bird in hand is the better bet.

But, you will say, distinguished South African opponents of apartheid such as Bishop Tutu and the Reverend Byers Naude seem to be urging divestment. How can we not heed their call? This is a difficult argument personally for me, since I have known both men for some years, am privileged to count them as friends, and have an unbounded admiration for their integrity and courage. In their shoes, desperate as they are to bring pressure on what appears to be a totally intransigent government, I might well be urging divestment also, in the hope, however faint, that it would somehow help. That is their

privilege - and possibly their duty - as South Africans.

Nevertheless, I firmly believe that our responsibility as Americans, whatever the intensity of our feelings on the South Africa issue, is to avoid emotionally generated, probably ineffective, and possibly counterproductive actions of the divestment type and try to figure out instead, objectively and dispassionately, what we can do that will really make a difference over the long haul in bringing into being in South Africa the kind of democratic and economically viable society that is most in our American interest and most in the interest of South Africans. To take such a position is, admittedly, not easy these days. It requires a kind of forbearance and willingness to live with frustration that is clearly less emotionally satisfying, and certainly takes considerably more courage, than leaping aboard the divestment bandwagon. But, at least to me, a rational approach to the issue allows no other course of action.

Divestment, of course, is not entirely an either/or proposition. Some colleges and university boards of trustees, out of conviction or because of the strong feelings of faculty and students and need to keep peace on the campus, have taken the compromise course of selective divestment, using signature of the Sullivan principles or some other set of standards as their touchstone. I find this a difficult position to judge. Logically, many of the arguments against total divestment can be used against selective divestment too. Selective divestment can seem rather like trying to have your cake and eat it too.

There are, however, two arguments in favor of selective divestment that I find, on balance, persuasive. The first is that if a company is unwise enough in the present explosive situation in South Africa not to sign the Sullivan principles and make a good faith effort to adhere to them, this may indicate insensitive, stubborn and shortsighted management and suggest that ownership of the stock may, in any case, be a poor longer-term economic investment.

A more important argument is that any institution has a right to decide, on a case-by-case basis, whether there are companies operating in South Africa with which it does not wish to be associated through stock ownership because they are not doing what others are doing - and they perfectly well could do - to behave responsibly. The stock of such companies should, however, be sold only as a last resort after they had shown themselves unresponsive to appeals made directly to top management to change their policies and only after a careful investigation had been made of whether they had a legitimate reason not to. This sort of selective, carefully-crafted action aimed at particular targets strikes me as a totally different thing than a blanket divestment action taken with public fanfare to achieve a political purpose or to make a supposedly moral

statement. It implies, furthermore, that an institution would be willing to take similar selective divestment actions in other situations where American companies have not behaved responsibly.

Two further issues must at least be mentioned. The first is the matter of no new investment by companies operating in South Africa - a recommendation of the Commission on U.S. Policy Toward Southern Africa. That was a difficult call for the Commission. On one hand, we felt that the logic of opposition to divestment to some degree applied to new investment also. On the other, however, we felt that new investment gives a signal of support for the South African regime that existing investment, some of which goes back many decades, does not give. In the end we came down for no new investment, except in rare instances where there was a clear, demonstrable benefit to blacks.

The other issue has to do with loans. It appears that the unwillingness of American banks, led initially by the Chase Bank, to roll over loans to the South African government and its peristatal corporations is exerting heavy pressure on that government to liberalize its policies and is, therefore, proof that American economic pressure works. I have no problem with using the non-renewal of loans as a form of pressure. It says that until the South African government quiets racial unrest in the country by liberalizing its policies, American bankers consider loans to it a poor financial risk. It is the same message the business community in South Africa, including American companies, gives when it pressures the government for change: namely, apartheid is bad for business. Using loan policy for leverage, however, seems to me to be quite different from trying to force an American manufacturing, mining or service company that has capital assets in South Africa and employs black South Africans there to leave the country.

Let me turn now to the issue of principle involved in the argument that the ownership of stock in corporations doing business in South Africa is, on the face of it, immoral, since the government of that country is basically immoral. First, granting that the regime in South Africa is odious, there are many others in the world that also commit daily crimes against humanity, in the name of religion, ethnic group membership, political persuasion and so on. In these circumstances, the claim that South Africa is sui generis because it has the only government that discriminates and oppresses solely on the basis of race seems disingenuous to me. The denial of political rights, imprisonment without trial, torture, or murder by one type of regime is hardly less reprehensible than the same behavior by another. Therefore, to single out corporations that do business in South Africa for punishment but not those that do business elsewhere where there are evil regimes is morally inconsistent.

We do not, however, have to look beyond the South African case to discover moral inconsistency. What, for example, about the products of companies that do business in South Africa? Should they not be banned on the campus? And what about grants or contract support from those companies? Should that be accepted? What also about the more than 10,000 American corporations that trade with South Africa, some of which make far more money thereby than do some of those that have a physical presence there? Is a college or a university that decides to divest not, then, obliged to sell their stock too? Is not that also profiting from apartheid?

The truth of the matter is that there is simply no way that an academic institution can obtain moral purity, if that is its objective, by the single act of selling off its stock. The problem is that using its investment policy in this manner to achieve a moral purpose immediately makes it subject to other equally compelling actions it must take if it is to be morally consistent - and these other actions are ones no institution wants to take because of the heavy administrative and fiscal penalties they entail. Divestment, by itself, therefore, inevitably exposes an institution to the charge of moral selectivity - in short, hypocrisy. I see no way out of that dilemma.

One of the things I personally, on moral grounds, find most disturbing about divestment is that the battle over it on a campus often becomes a kind of media event or in other ways takes on a life of its own that has little to do with apartheid. Indeed, the very controversy distracts attention from the real problems faced by blacks in South Africa - grinding poverty, lack of employment, poor health care, police brutality, the denial of elementary civil rights, inferior, segregated education, poor housing and so on - and therefore seems morally contaminated.

I also have a feeling that, for many of its proponents, divestment fits into the "worse the better" school of thought about South Africa - that is, that the more chaotic the situation becomes there, whatever the amount of killing it leads to, the better, because it will hasten the downfall of apartheid. For young black militants in South Africa who are putting their lives on the line, this may be a legitimate stance. I would not want to judge them. For outsiders, however, whose lives are not in danger, to hold such views strikes me as morally questionable, to say the least.

My final objection to divestment on moral grounds is that it encourages the members of a college or university community where it has taken place to feel that they have delivered a significant blow against apartheid and can now wash their hands of the matter. I have noted that interest in South Africa on a

campus tends to die very quickly once the divestment battle has been "won". In fact, of course, the institution that divests has not even begun to discharge its responsibilities in regard to apartheid. Any sense of satisfaction or self-congratulation that it has now done its part is, therefore, unseemly and is a moral affront to those who have made a long-term commitment to change in South Africa.

At the heart of the divestment question is the issue of what divestment really is - a moral or a political act. It seems to me the proponents want it both ways. When their objective is simply to "purify" their institutions, they define it as a moral act. When the objective is to force change in South Africa, they behave as if it were a political act. The problem, of course, stems from a confusion between apartheid, which is clearly a moral issue of immense significance, and divestment, which is essentially a political act. How can it possibly be otherwise when no one can say what the ultimate effect of it will be? Taken with the actions of other divestors, the net result may be good or may be bad. It may help to precipitate change in a favorable direction, or it may help bring on a blood bath in which thousands of people, most of them black, are slaughtered. That may be a risk one is prepared to take with a political act. For an act to be moral, however, one must have some idea of what its consequences will be. That, it seems to me, is inescapable.

If, then, divestment is a purely political act made on an institutional basis, does it not violate a college's or university's function - one of its most valuable functions, many would say - of being an open forum for discussion and debate? An institutional decision of the divestment kind establishes an orthodoxy. It says, in effect, with all the authority of the institution behind it, that one position is right and the other wrong, thereby giving a message to students and faculty who think otherwise that their institution considers them to be in error.

We all receive in our daily mail literature from organizations that seek to do such things as ban abortion or protect a woman's right to free choice, stop or support the Strategic Defense Initiative, initiate or prevent a nuclear freeze, help or not help the Contras in Nicaragua, and so on. To many people, these issues are far more important than the divestment issue, and they would dearly love to see higher educational institutions support their side of the issue with public institutional statements.

But is that what we would want to see happen - even if the cause aided thereby were one for which we had a passionate concern? I think not. We would prefer to see such issues fought out in the media, in the court of public opinion and in our political institutions. We would be afraid that if our

colleges and universities took institutional stands on such issues, they would violate the code of institutional neutrality that ensures them immunity from intrusion into their affairs by political authority or vigilante groups. Why, then, is divestment not subject to these same constraints?

There are, of course, situations in which a public stand by an institution is appropriate: when its academic freedom is threatened, when a local issue in its immediate community affects its institutional welfare, and when a national development, such as the reduction of student aid, affects one of its constituent groups. Beyond this, there are a few large issues that are, I think, of such overriding importance and moral significance they justify an institutional stand, issues such as human rights, basic political freedoms, nuclear war, genocide and preservation of the environment. And to this list I would add apartheid. A college or university would hardly consider itself a moral institution if it did not declare itself on issues of this kind. Nevertheless, what it cannot do is take institutional stands in favor of specific courses of action related to these issues - frustrating as that may be - because that would thrust it into the political arena, with all the negative consequences I have just spelled out.

Given the many difficulties with divestment - practical, moral, and academic - what can a college or university do, as an institution, to discharge its responsibility to help bring about peaceful change in South Africa. There are many things it can do. First, in line with its historic mission, it can foster teaching and learning on its campus about South Africa, so that its students, faculty and administrators can, as individuals, play an effective role in the developing national debate about United States policy toward that nation. Given the widespread ignorance about South Africa in our country, the importance of this educational mission can not be overstated.

Second, those South African universities that have chosen to become fully desegregated need all kinds of help as they make the difficult transition from being institutions that essentially catered to the needs of only one race to ones that now want to serve the needs of all four racial groups. These "open universities", as they are called, Cape Town, Witwatersrand, Rhodes and Natal, which were previously mainly for whites, and the newer University of the Western Cape, that was established for the so-called Colored people but now admits students of all races, above all need scholarship funds for black students. The South African government covers about 70 percent of the educational costs of any student, irrespective of race, and the balance, plus living costs, the equivalent in local currency of about \$3,000 per year, must be met by the student. Most whites can afford this amount, but few blacks, and the universities have only limited scholarship funds available to help them. The University of Cape Town Fund in New

York has raised some \$250,000 in the past year to support black students and meet associated needs at the University of Cape Town. The Cape of Good Hope Foundation in California is raising scholarship funds for the University of the Western Cape. Most importantly, a group of 30 New England colleges and universities, working through the New England Board of Higher Education, has made a \$300,000 commitment to meet the full three-year costs of about 37 black students, distributed among the five open universities I have just named.

This kind of scholarship support not only helps to train urgently needed black leadership for the future but also provides an environment where, for the first time, blacks and whites can get to know each other as equals - a matter of transcending importance in racially divided South Africa. The previously virtually all white universities now have enrollments that are about 16 percent black. They are eager to increase this percentage, if they can find the necessary financial support.

Beyond scholarship aid, the open universities need funds to build additional student housing. Except for Rhodes University, the five open universities have always been largely nonresidential. This is not a great problem for whites, but is it a considerable one for blacks, who must travel long distances at high cost to get to the campus from their remote segregated townships. It has also been shown that black students living on campus do far better academically.

The open universities also need faculty and the funds to support them to teach in basic studies programs designed to enable students who are badly prepared because of poor, segregated secondary education to catch up. Americans with such experience would be a considerable help.

A third thing a college or university can do to meet its moral obligations toward South Africa is to educate black South African students on its own campus here in this country. Highest priority should go to refugees, who, of course, cannot get their higher education at home, and to graduate students who have already obtained a bachelor's degree at a South African University.

A fourth thing it can do is to raise money from its own constituency to send to voluntary organizations, black and white, in South Africa - organizations such as Black Sash, the Legal Resources Center, SACHED (The South African Commission on Higher Educational Development) and a number of others - that are helping black people deal with the cruel effects of apartheid on their lives.

Finally, a college or university here, if it owns stock in American corporations operating in South Africa, can press those

companies to sign and implement the Sullivan Principles to their fullest ability and pressure the South African government to liberalize its racial policies. The mere fact of stock ownership, as I have suggested, will not in most instances provide much leverage, but an intervention by an educational institution does carry with it a certain degree of moral force - especially if it is not accompanied by threats of divestment and shows some understanding of the very real problems a company faces in operating in south Africa.

Could this kind of pressure on a corporation not be construed as a political act itself and, therefore, my recommendation of it be considered a contradiction of the view I expressed a moment ago that academic institutions should not take political positions? The answer to that question is very much the same one I expressed in response to the issue of selective divestment - namely that there is a vast difference between a well-publicized divestment decision taken to achieve a political or seemingly moral purpose and actions an institution may take in regard to a particular company, or companies, as a responsible investor.

The purpose of my remarks this morning has been to explain my view that divestment is not the simple, straightforward, moral act that many people on the campus consider it to be, nor does it seem to address the issue of apartheid in any substantive way. Rather, it is a political act with complex ramifications and consequences - no more so than in its apparent violation of the constraints placed on academic institutions simply because they are that. This I know is difficult for many people, especially students, to accept, because, quite understandably, they are anxious to do something, right now, about apartheid, and divestment is what lies most readily to hand.

I have also, however, suggested that apartheid itself is a moral issue of such magnitude to us as Americans - because of our multi-racial society and because of our devotion to basic human freedoms - that every American college or university has a responsibility to engage the issue in whatever meaningful ways it can. I have suggested what some of those ways might be. No doubt, there are others. Whatever an institution does decide to do, however, must be done with a sense of humility - humility that consciousness of our own history of race relations should inspire. That history, we must not forget, included over 200 years of slavery and 60 years of de jure racial segregation. And ours is still a de facto segregated society in some respects.

The struggle for justice in South Africa is, in my view, not going to end quickly, and the road ahead for everyone there will, in all probability, be painful and fraught with danger. In the end, as I have suggested, South Africans, themselves, of

all four racial groups, are going to have to discover a way to build a just society all can accept. Neither we nor anyone else can do that for them. Here in the United States, however, we do have experience in desegregation that may be useful, we have resources, both of money and people, and we have, I believe, an immense fund of good will. I do hope that all of us who are truly concerned about South Africa, however much we may differ on the specific issue of divestment, can work together, along the lines I have suggested, to improve the life chances of individual black South Africans and help, thereby, to bring peaceful change to their country.